



DIRK KEMPTHORNE
GOVERNOR

January 12, 2004

Idaho State Legislature
State Capitol Building
PO Box 83720
Boise, Idaho 83720

Dear Legislator:

I am transmitting to you today the *Executive Budget* documents in accordance with 67-3506, *Idaho Code*. My budget proposal includes:

FY 2004 - The FY 2004 General Fund budget recommendation is \$1,993,732,100.

- \$11.6 million for Fire Suppression Deficiency Warrant costs,
- \$315,500 for Pest Control and Emergency Response Deficiency Warrants,
- \$4.0 million for supplemental costs in the Catastrophic Health Care Fund,
- -\$1,546,800 for net savings in various programs,
- -\$15.0 million in savings from Medicaid rate reduction provisions in the Federal Tax Relief Reconciliation Act of 2003.

FY 2005 - The FY 2005 General Fund budget recommendation is \$2,083,813,300.

- \$2,117,368,000 in revenue under existing law,
- \$3.05 million in new tax credits and deduction,
- \$20.76 million transfer to the Budget Stabilization Fund.

FY 2006 - Sunset of the temporary sales and cigarette tax are projected.

- \$68.5 million in General Fund savings are carried over from FY 2005,
- \$20.0 million in one-time expense for 27th pay period costs are anticipated.

Change in Employee Compensation (CEC)


In accordance with 67-5309B(d), *Idaho Code*, I am also forwarding my own report for CEC. My recommendation for FY 2005 includes:

- Funding of \$10.9 million General Fund for benefit cost increases for health insurance, Public Employees Retirement System rate changes, and various other salary based benefits,

- Funding of \$10.0 million General Fund for 2% CEC for salary increases and related costs provided to state employees based upon performance,
- Guidance to agency directors to manage their Personnel Cost budget to ensure that salary increases are provided in a manner that best meets the needs of their agency within the resources provided to them,
- Funding of \$10.0 million General Fund for compensation to employees of public schools for distribution through discretionary allocations as individual districts may determine.

Additional details are provided to all legislative members and the public in my *Executive Budget* and related documents that are available at www.state.id.us/dfm. Print versions will be provided to legislative leadership and germane committees and to others upon request.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk Kempthorne", with a long horizontal flourish extending to the right.

DIRK KEMPTHORNE
Governor

DK:bfah